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C O N F I D E N T I A L SECTION 01 OF 04 NEW DELHI 008469

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SUBJECT: NEW DELHI DECLARES PM SINGH'S TOKYO "VERY SATISFYING"

REF: A. TOKYO 7067
[1](#)B. NEW DELHI 8137

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Classified By: PolCouns Ted Osius for Reasons 1.4 (B,D)

[1](#)1. (C) SUMMARY: Japan watchers in New Delhi regard PM Singh's Tokyo visit a success, one that achieved India's main goal of taking the relationship one level higher. Economic cooperation agreements highlighted the summit for the Indians, while political principles which had been established in previous Indo-Japan summits were reinforced. Singh's visit was overwhelmingly positive, contacts here say, although the warm rhetoric may be difficult to match in reality. The only visible disappointments from the Indian perspective were in the amount of coverage seen in the Japanese press, overemphasis on the civil-nuclear cooperation agreement, and the lack of an explicit reference to a quadrilateral strategic dialogue. A proposed \$3 billion of foreign direct investment from Japan to India is "just the tip of the iceberg," say Japanese Embassy officers. Note: Ref A thoroughly covered the agenda and outcomes of PM Singh's recent visit to Tokyo, along with Japanese reaction, which Post does not intend to repeat. Rather, this cable describes

Indian reaction to the visit. End Note. END SUMMARY.

Bilateral Relations A Level Higher Than 2005

¶2. (C) India is "very satisfied" to have taken bilateral relations one level higher as the result of Prime Minister Singh's December 13-16 visit to Tokyo, former Indian Ambassador to Japan Arjun Asrani told PolCouns in a December 19 readout. Noting that the 2005 Indo-Japanese joint statement had focused on political and defense strategies, Ambassador Asrani underlined that this one has new economic material which "has a lot of meat in it." He added that much of the language in the new joint statement, particularly in regard to political, defense and security cooperation, essentially repeated principles PM Koizumi and Singh had agreed to in 2005. To Asrani, the mere confirmation of those principles was positive enough, but Asrani attached particular significance to PM Abe's endorsement, saying Abe, with his thoroughbred background and deep connections, was much more powerful than the two previous Japanese prime ministers who held summits with India, Mori and Koizumi. Professor Brij Tankha of the University of Delhi said such a successful visit so early in Abe's term provides "a new political climate which gives optimism. The basis has been laid for building a deeper relationship." Japanese diplomats agreed on the success of the visit, as Yoshi Kitamura told Poloff, "There really were no negatives" coming out of the summit.

Economic Agreements The Highlight

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¶3. (C) Professor Tankha highlighted the proposed Delhi-Mumbai industrial corridor -- which will include special economic zones, the development of industrial parks and upgrading transport infrastructure -- as the most significant deliverable, calling it an ambitious project with great potential that will lay the basis for building a relationship between the two countries. Japanese companies are already starting to build townships along the corridor, he noted, and the associated construction and commerce could act as a springboard for economic development. There were also two projects in the power sector which stood out to Tankha, one in Tamil Nadu and another in Arunachal Pradesh. Ambassador Asrani pointed to the significance of getting a Japanese agreement on investment in Arunachal Pradesh; in November Chinese Ambassador to India Sun Yuxi claimed the state of Arunachal Pradesh was a Chinese territory, resulting in immediate condemnation from all corners of India. Asrani speculated that the call for a bilateral Economic Partnership Agreement/Comprehensive Economic Partnership Agreement, as well as the Special Economic Partnership Initiative, will be well received by India's business community, noting the complementarity of the two economies, which, he added was lacking in other countries courting India for an economic partnership agreement, such as Australia and Singapore. Asrani also cited the agreement to launch a consultation mechanism to facilitate bilateral high technology trade as a significant achievement, predicting it would clear long-standing barriers to two-way high-tech transfer and trade. The Japanese Embassy foresees this summit as the beginning of greater long-term economic cooperation; Japanese PolCouns Takio Yamada declared that the projected \$3 billion worth of foreign direct investment to India is just "the tip of the iceberg."

A Few Disappointments: Japanese Press, Overemphasis On Civ-Nuke, And No Quad Language

¶4. (C) While the overall assessment of the visit was excellent, observers here noted a few disappointments. The most frequent complaint in New Delhi was the lack (according

to our contacts) of headline news coverage in Tokyo. "The (Japanese) press carried it on page 3," Tankha complained, although Ambassador Asrani quickly noted that PM Koizumi's visit to India in 2005 was covered in more detail in Tokyo than in New Delhi. Asrani and Dr. G.V.C. Naidu of the Institute of Defense Studies and Analyses were also disappointed by what they perceived was an overemphasis in the Indian press on statements regarding Japan's support for India's civil nuclear energy cooperation. "The Indian media has blown the nuclear issue out of proportion, as thought that was the only reason for PM Singh's visit" Asrani stated, adding "That was never the expectation. In fact, they (both India and Japan) deliberately tried to keep that part low key."

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15. (C) The only other disappointment, according to both Indian and Japanese contacts here, was that there was no announcement of a quadrilateral dialogue among Japan, India, the U.S. and Australia. Asrani, who had obviously been aware that such a statement was a possibility, opined that PM Abe has set a priority on fomenting a quadrilateral relationship, and lamented that the joint statement included only one carefully worded reference to "dialogue among like-minded countries on themes of mutual interest in paragraph 46." Asked what China's reaction would be to a quadrilateral dialogue, the Ambassador observed that the Chinese reaction is not as important as the Indian communist reaction. "It is not just what China thinks that matters," he declared. Asrani also noted that "'China' is never mentioned in the joint statement, but it is very much there behind the scenes." Environmental issues, anti-piracy, energy and democracy initiatives are all areas that can be worked on without disturbing the delicate balance in the region, he argued.

Australian Concerns Over Quad

16. (C) Australian High Commissioner John McCarthy, whose previous post was Tokyo, discussed with PolCouns Canberra's concerns about a quadrilateral arrangement. First, he said, Canberra was concerned that a Minister-level quadrilateral would weaken the trilateral security dialogue (TSD) now underway between Washington, Tokyo and Canberra. Second, the TSD is an arrangement between allies; India has not yet

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entered into a formal alliance with any of its prospective quad partners. Third, according to McCarthy, Canberra was concerned that its relative influence on the process could diminish, especially because the TSD is held at the vice-Minister level, while the Japanese had proposed a quadrilateral at the Minister level. Finally, Canberra had some qualms about entering into an arrangement that might anger the PRC. More important, McCarthy opined, was the domestic obstacle in India, where Parliament was grappling with civil nuclear legislation that binds India to the U.S. India's left-wing parties would reject any arrangement that further underscored U.S.-India relations, especially if the arrangement could be perceived as aimed at China.

The Next Steps: Nuclear Power, Defense and Partnerships

17. (C) Looking ahead, Japanese PolCouns Takio Yamada remarked that the two countries can focus on their commonalities now that old differences, such as differing economic policies and the nuclear issue, are being worked out. The next Indo-Japan summit will likely occur next summer, Yamada stated, when PM Abe is projected to travel to New Delhi. Japan and India will try to build on the political and security relationship at the next meeting, he said, outlining Japan's emerging priorities for strengthening

ties with India. Should Abe travel during the summer, India could very likely be in the final stages of negotiating civil-nuclear cooperation with the Nuclear Suppliers Group and International Atomic Energy Agency, and Japan will need to come to an internal conclusion on support for India's civil-nuclear program, indicated Yamada. He also said more emphasis will be put on bilateral security cooperation, noting that Japan is ready to cooperate more closely on defense and adding that joint exercises with India are in the works, including a first ever ship visit to India. Finally, Japan will continue to explore trilateral or quadrilateral cooperation with the U.S., India and possibly Australia, he said.

Comment: Overly Optimistic Or Not, Moving In The Right Direction

18. (C) While PM Singh and PM Abe parted with a warm and fuzzy Joint Statement, Post tends to agree with Japanese diplomat Yamada's more candid assessment that "The atmosphere may be better than the reality right now." One word of caution contacts here gave was that Indian and Japanese cultures are very different, and Post worries that actors on both sides may get frustrated while trying to implement some of the bolder agreements and seeing a clash of bureaucracies, infrastructures, and ways of doing business that contrast strikingly. Regardless, it is obvious that Indo-Japan relations are blossoming, and that is good news for the U.S. Ref B offered concrete ideas for joint projects which advance U.S., Indian and Japanese interests. While it is too early for a Quadrilateral Strategic Dialogue, lower-level and informal trilateral interaction would surely generate more opportunities. END COMMENT.
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